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FOR IMMEDIATE RELEASE

Terry Goddard Announces \$3 Million Settlement with America Online

(Phoenix, Ariz. – July 11, 2007) Attorney General Terry Goddard today announced a \$3 million, multi-state settlement with America Online (AOL), one of the nation's largest Internet service providers, resolving consumer complaints related to cancellation and refund requests. Goddard joined 47 state Attorneys General and the Attorney General for the District of Columbia in this settlement.

The settlement resolves allegations from consumers regarding billing issues and the difficulty in canceling primary or secondary accounts. According to court documents, AOL customers would have to call AOL to cancel their electronic mail accounts. AOL trained and offered incentives to customer service representatives in order to "save" the account and prevent the consumer from canceling. Employee bonuses were paid to employees who retained a certain number of customers.

Some consumers also reported after canceling their accounts that they continued to receive a monthly bill or had money deducted from their bank accounts.

Other complaints included customers trying to cancel secondary or "spin off" accounts. Some consumers, despite canceling their master account, continued to be billed for the secondary account.

According to the agreement, AOL will not offer cash incentives for "saving" customer accounts; consumers will have the ability to cancel their AOL account online; and AOL has agreed to a restitution program to address existing as well as future complaints.

Under the restitution program, AOL will provide refunds to consumers who have complained of unauthorized charges for AOL service. In addition to resolving any outstanding complaints, the company will be adopting an ongoing process of refunding consumers for unauthorized charges and will continue to cooperate with the states in these efforts.

AOL recently announced that it would begin limiting its role as an Internet access provider, allowing its customers to convert to free e-mail accounts. The terms of today's agreement should minimize the potential for consumer confusion during this transition.

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The settlement, in the form of an Assurance of Discontinuance, requires court approval. Arizona will receive \$45,000 in this settlement that will be used for investigation costs and consumer fraud education.

Consumers are encouraged to file a complaint with the Arizona Attorney General's Office. The complaint should be specific about how much money AOL billed without consumer authorization. All complaints will then be forwarded to AOL. Consumers can download a complaint form from the Arizona Attorney General's Office at www.azag.gov or they can call 602-542-5763 in Phoenix, 520-628-6504 in Tucson or 1-800-352-8431 outside Maricopa and Pima Counties.

In the settlement, Goddard joined Attorneys General from Alabama, Alaska, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming, Kentucky, Massachusetts, Pennsylvania and Virginia, and the District of Columbia.

Assistant Attorneys General Dena Rosen Epstein and Karen Treon handled this case.

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